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Message Text

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E.O. 11652: GDS

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SUBJECT: REMITTANCES FROM ABROAD

REF: MOSCOW 1666 AND PREVIOUS

1. THIS CABLE SUMMARIZES DEPARTMENT'S UNDERSTANDING OF VARIOUS WAYS US CITIZENS ARE ABLE TO RENDER FINANCIAL AID TO SOVIET CITIZENS AND OF RECENT CHANGES IN SOVIET PRO-CEDURES.

2. GIFTS. PACKAGES OF CLOTHING AND CERTAIN OTHER CONSUMER ITEMS MAY BE SENT TO SOVIET CITIZENS THROUGH US COMPANY AUTHORIZED TO CONDUCT SUCH BUSINESS (APPARENTLY ONLY IN LARGE CITIES SUCH AS NEW YORK AND CHICAGO.) DUTY, WHICH WE ARE TOLD AVERAGES AROUND 40-50 PERCENT, IS PAID IN US AT TIME PACKAGE IS SENT. ONE AMERICAN JEWISH ORGANIZATION WHICH DEALS IN SUCH TRANSACTIONS TELLS US THAT SOVIET RECIPIENTS GENERALLY SELL GOODS RECEIVED THROUGH COMMISSION
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STORES AT FIVE TO EIGHT TIMES THE COST TO THE AMERICAN

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SENDER, AND THAT QUOTE THOUSANDS UNQUOTE OF EXIT VISAS FOR SOVIET JEWS HAVE BEEN FINANCED THIS WAY. NEW SOVIET PROCEDURES WOULD APPARENTLY NOT AFFECT THIS METHOD.

3. MONEY TRANSFERS. AMERICAN CAN ARRANGE TO TRANSFER FUNDS TO SOVIET CITIZEN VIA US BANK AND SOVIET BANK FOR FOREIGN TRADE. SOVIET RECIPIENT IS ABLE TO COLLECT RUBLES AT OFFICIAL RATE OF EXCHANGE AFTER 12 PERCENT HANDLING CHARGE, OR IN HARD CURRENCY COUPONS AFTER DEDUCTION OF 35 PERCENT HANDLING CHARGE. LATTER LARGER DEDUCTION IS SAID TO MAKE UP DIFFERENCE BETWEEN PRICES IN SPECIAL HARD CURRENCY STORES AND SOVIET MARKET. DEDUCTION IS NOT CONSIDERED TO BE A TAX OR DUTY. IT APPEARS TO US THAT NEW 30 PERCENT DUTY WILL BE TAKEN OFF THE TOP, AND THAT IF OPTION TO TAKE FUNDS IN HARD CURRENCY COUPONS IS NOT CLOSED, APPROXIMATE 55 PERCENT REDUCTION IN ORIGINAL FUNDS TRANSFERRED WOULD RESULT. (I.E. IF AMERICAN TRANSFERRED 100 DOLLARS, 30 DOLLARS WOULD COME OFF THE TOP IN DUTY; THEN REMAINING 70 DOLLARS WOULD BE SUBJECT TO 35 PERCENT REDUCTION IF COUPONS DESIRED BY SOVIET RECIPIENT, LEAVING 45.5 DOLLARS OF ORIGINAL SUM TRANSFERRED. VALUE WOULD STILL, HOWEVER, BE CONSIDERABLY MORE IN REAL TERMS, IF ESTIMATES ARE CORRECT THAT COUPONS, OR GOODS PURCHASED WITH THEM, ARE WORTH EIGHT TO TEN TIMES FACE VALUE.)

4. GIFTS OF DOLLAR CHECKS. VISITING AMERICAN IN SOVIET UNION CAN LEAVE DOLLAR CHECK DRAWN ON US BANK WITH SOVIET CITIZEN, WHO MUST TAKE CHECK TO FOREIGN TRADE BANK FOR CONVERSION. FOREIGN TRADE BANK CLEARS CHECK THROUGH US BANK (WHICH WE UNDERSTAND TAKES ABOUT TWO MONTHS) AND THEN NOTIFIES SOVIET RECIPIENT THAT HE MAY RECEIVE FUNDS IN EITHER RUBLES OR HARD CURRENCY COUPONS. PROCESS DESCRIBED IN PARA 3 THEN APPLIES.

5. SPECIAL RUBLE CERTIFICATES AND GIFTS OF SOVIET MERCHANDISE. THIS IS THE QUOTE VNESHPOSYLTORG UNQUOTE OPERATION DESCRIBED IN REFTEL, WHEREBY SPECIAL RUBLE CERTIFICATES, GOOD IN CERTAIN SPECIAL HARD CURRENCY STORES, OR GIFTS SUCH AS SOVIET AUTOMOBILES, MOTORCYCLES, APPLIANCES, ETC. CAN BE PRE-PURCHASED IN US FOR DELIVERY TO SOVIET
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RECIPIENT. WE ASSUME ELIMINATION OF THIS METHOD WAS TAKEN IN SUPPORT OF NEW 30 PERCENT DUTY, SINCE IT WILL CLOSE THE OPTION OF HAVING CERTIFICATES OR MERCHANDISE TRANSFERRED DIRECTLY TO A SOVIET RECIPIENT WITHOUT THE PAYMENT OF DUTY.

6. WOULD APPRECIATE EMBASSY COMMENTS BASED ON EVENTUAL MFA RESPONSE TO EMBASSY'S REQUEST FOR CLARIFICATION AND ON ANY

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INFORMATION EMBASSY IS ABLE TO OBTAIN FROM NON-OFFICIAL CONTACTS. IT IS PARTICULARLY IMPORTANT TO ESTABLISH WHETHER CURRENT 35 PERCENT DEDUCTION WILL STILL BE MADE FROM TRANSFERS INVOLVING PURCHASE OF COUPONS AFTER 30 PERCENT DUTY GOES INTO EFFECT. INGERSOLL

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